



COMPARISON OF TAX RATES IN CONNECTICUT, MASSACHUSETTS, NEW YORK, AND RHODE ISLAND

By: Heather Poole, Legislative Analyst II, Rute Pinho, Principal Analyst

ISSUE

Compare state tax rates in Connecticut, Massachusetts, New York, and Rhode Island. This report updates [2016-R-0082](#).

SUMMARY

Table 1 compares the tax rates and bases for a broad range of Connecticut, Massachusetts, New York, and Rhode Island taxes. It does not include exemptions, deductions, credits, apportionment formulas, and other provisions that could affect the amount of taxes people and businesses must pay.

TABLE 1: COMPARISON OF CONNECTICUT, MASSACHUSETTS, NEW YORK AND RHODE ISLAND TAX RATES AND BASES

| Tax | Connecticut | Massachusetts | New York | Rhode Island |
|------------------------------------|---|---|---|---|
| Alcoholic Beverages | Beer: \$0.24 per gallon Wine: \$0.72 per gallon Distilled liquor: \$5.40 per gallon Lower tax applies to certain small wineries | Beer: \$0.11 per gallon Wine: \$0.55 per gallon Distilled liquor: \$4.05 per gallon | Beer: \$0.14 per gallon Wine: \$0.30 per gallon Distilled liquor: \$0.67 per liter (appx. \$2.55 per gallon) for liquor 2% to 24% alcohol, \$1.70 per liter (appx. \$6.46 per gallon) for liquor greater than 24% alcohol NYC imposes an additional tax on beer and liquor | Beer: \$0.11 per gallon Wine: \$1.40 per gallon Distilled Liquor: \$5.40 per gallon |
| Business Entity¹ | \$250 every other year | N/A | N/A | N/A |
| Cigarettes | \$3.90 per pack of 20 | \$3.51 per pack of 20 | \$4.35 per pack of 20 NYC imposes additional \$1.50 per pack of 20 | \$3.75 per pack of 20 |
| Corporate Income | Greater of: <ul style="list-style-type: none"> • 7.5% of net income, • 0.31% of capital base, or • \$250 minimum tax. 20% surcharge for companies whose gross income exceeds \$1 million and tax liability exceeds the minimum tax Financial services companies are excluded from the capital base method | 8% of net income plus \$2.60 per \$1,000 of tangible property or net worth \$456 minimum tax Other rates and bases apply to specific types of companies, including financial institutions | Greater of: <ul style="list-style-type: none"> • 7.1% of net income, • 0.15% of business capital base, or • Minimum tax (between \$25 and \$200,000, depending on amount of New York receipts) Businesses with activity or property attributable to the MCTD pay a surcharge of 28% of the portion of the tax liability attributable to the district Other rates, bases, and minimums apply to specific types of companies, including certain small businesses, manufacturers, and technology companies | 7% of net income \$450 minimum tax Other rates and bases apply to specific types of companies, including regulated investment companies |

¹ Applies to business organizations organized as limited liability companies, limited liability partnerships, limited partnerships, and S corporations (i.e., pass-through entities). Other charges, such as filing fees or minimum taxes, may apply.

Table 1 (continued)

| Tax | Connecticut | Massachusetts | New York | Rhode Island |
|----------------------------|--|---|--|---|
| Estate | For estates over \$2 million, marginal rates range from 7.2% to 12% Total amount due is capped at \$20 million | For estates over \$1 million, marginal rates range from 0.8% to 16% | If the estate exceeds the basic exclusion amount (BEA), marginal rates range from 3.06% to 16.0% of the taxable estate (NY is gradually increasing to equal the federal estate tax exemption) | For estates over \$1.5 million, marginal rates range from 0.8% to 16.0% |
| Gift | For gifts over \$2 million, marginal rates range from 7.2% to 12% Total amount due is capped at \$20 million | No gift tax | No gift tax | No gift tax |
| Insurance Companies | 1.75% of net direct premiums received by domestic and foreign insurance companies Net direct subscriber charges: 2% of charges received by hospital and medical service corporations, 1.75% of charges received by health care centers 4% of gross premiums charged by nonadmitted (i.e., unauthorized) insurers | 2.28% of taxable premiums received by domestic and foreign casualty insurers and preferred provider arrangements 0.0% to 1.0% of gross investment income for domestic casualty insurers 2.0% of taxable premiums received by domestic and foreign life insurers 5.7% of taxable underwriting profit on ocean marine insurance 4% of gross premiums for surplus lines insurers | 1.75% of accident and health insurance premiums received by non-life insurance companies; 2% for other non-life premiums 7.1% on entire allocated net income for life insurance companies, plus 0.7% on life insurance premiums 7.1% on entire allocated net income for unauthorized insurers Businesses with activity or property attributable to the MCTD pay a surcharge of 17% of the portion of the tax liability attributable to the district | 2% of gross premiums for domestic companies Greater of 2% or retaliatory tax rate for foreign companies 0.0375% to 0.2% of gross premiums for captive insurers 4% of gross premiums for surplus lines insurers |
| Motor Fuels | \$0.25 per gallon of gasoline (plus 8.1% petroleum products gross earnings tax) | \$0.24 per gallon of gasoline | \$0.25 per gallon of gasoline (includes both the motor fuel and petroleum business excise taxes) | \$0.33 per gallon of gasoline |
| | \$0.41 per gallon of diesel (diesel tax rate is calculated annually) | \$0.24 per gallon of diesel | \$0.23 per gallon of diesel (includes both the motor fuel and petroleum business excise taxes) | \$0.33 per gallon of diesel |

Table 1 (continued)

| Tax | Connecticut | Massachusetts | New York | Rhode Island |
|-------------------------------|--|--|---|---|
| Personal Income | Marginal rates range from 3% to 6.99%, depending on taxable income and filing status | Flat 5.1% (12% on certain capital gains) | Marginal tax rates range from 4% to 8.82%, depending on taxable income and filing status | Marginal tax rates range from 3.75% to 5.99% |
| Real Estate Conveyance | 0.75% to 1.25% of sales price, depending on property type and location Municipal transfer tax of 0.25% may also apply | 0.46% of sales price 0.61% in Barnstable County | 1% mortgage recording tax in most cases 0.4% of the sales price up to \$1 million; 1.4% of sales price for sales exceeding \$1 million Local taxes may also apply | 0.46 % of sales price |
| Room Occupancy | 15% on charges for room occupancy of 30 days or less | 5.7% on charges for room occupancy of 90 days or less Additional local option tax of up to 6% (6.5% in Boston); specified municipalities add a 2.75% convention center financing fee No additional sales tax | The state charges a fee of \$1.50 per day on every occupancy of a hotel within NYC. Most local governments impose an additional occupancy tax (most rates are between 3% and 5%) State and local sales tax also applies | 5% on charges for room occupancy of 30 days or less Additional 1% local hotel tax Sales tax also applies |
| Sales and Use | 6.35% on sales of most goods and specified services | 6.25% on sales of goods and specified services 0.75% local option meals tax | 7-8.875% (combined rate), depending on jurisdiction, on most goods and some services. Combined rate includes (1) a 4% state rate; (2) any local tax rate imposed by a city, county, or school district; and, if applicable, (3) a 3/8% state rate imposed in the Metropolitan Commuter Transportation District (MCTD). | 7% Additional 1% local tax on meals and beverages |
| Tobacco Products | \$1 per ounce of snuff tobacco | 210% of the wholesale price of snuff tobacco | \$2 per ounce of snuff tobacco | \$1.00 or \$1.20 per ounce of snuff tobacco, depending on weight |
| | 50% of the wholesale price of cigars and smoking tobacco, except tax on cigars capped at 50 cents each | 40% of the wholesale price of cigars and smoking tobacco | 75% of the wholesale price of cigars, chewing tobacco, pipe, and loose tobacco | 80% of wholesale cost of smokeless tobacco, cigars, and pipe tobacco, other than snuff Tax on cigars capped at \$0.50 each |

HP/RP:bs